

**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 8 March 1978

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State Dept. review completed

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National Intelligence Daily Cable for Wednesday, 7 March 1978

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CONTENTS

ISRAEL: Exchange on Settlements Page 1

CHINA: Foreign Policy Report Page 3

UNITED KINGDOM: Pressures on Owen Page 5

ROMANIA: Leadership Shuffle Page 6

INDIA: State Government Formed Page 7

USSR: Sokolov Promoted to Marshal Page 8

BRIEFS Page 10

Guatemala  
East Germany

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## ISRAEL: Exchange on Settlements

25X1 [ ] Israeli Defense Minister Weizman, during a conversation Monday night with Prime Minister Begin, probably implied that he would resign over any new settlement activity on the West Bank. Begin does not seem inclined, on the eve of his own visit to the US, to risk a serious split in the government by pressing the issue with Weizman.

25X1 [ ] For personal and ideological reasons, Begin would find it difficult to oppose Agriculture Minister Sharon and Gush Emunim enthusiasts on new settlements. Begin would run less of a political risk in doing so, however, than in antagonizing Weizman.

25X1 [ ] Unlike Sharon, whose appeal remains limited to the extreme right, Weizman's growing reputation for moderation might enable him to make common cause not only with the Liberals of his own Likud Party, but also with the Democratic Movement for Change and perhaps in time even with the Labor Party. To Begin, Weizman probably poses a potential threat to bring down the government if he chooses to resign.

25X1 [ ] Begin probably could rein in the Gush by capitalizing on current opposition within the cabinet to new settlements. He may soon have an opportunity to do so; the Gush leadership is planning a campaign against Weizman. A maverick Gush group, moreover, has announced its intention to establish a new settlement overlooking Nabulus, the largest Arab town on the West Bank, without the approval of the government or even of the Gush secretariat.

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# CHINA: Foreign Policy Report

*[redacted] The unusually comprehensive foreign affairs section of the report by Premier Hua Kuo-feng to the National People's Congress last week reflects the more open style of China's new leaders and provides a firm basis for continuing a vigorous foreign policy. Hua's report, the full text of which was broadcast yesterday, broke no important new ground, but was notably candid, free of dogma, and covered a wide range of issues. The report made a bow to continuity by invoking the legacy of Mao Tse-tung.*

*[redacted] In comparison to the report made by the late Premier Chou En-lai to the last Congress in January 1975, Hua's compendium of Chinese foreign policy was even more forthcoming toward the US and more emphatic in its criticism of the USSR.*

Chou merely noted "fundamental differences" between China and the US, acknowledged improvements in relations since 1972, and predicted continued improvements as long as the principles of the Shanghai Communique were carried out "in earnest."

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[ ] Hua acknowledged the continued existence of fundamental differences, but added that the US and China have "quite a few" points in common on some issues--an obvious reference to joint interest in combating the spread of Soviet influence. Hua was also careful to leave the door open to further improvements in Sino-US relations. While echoing Chou's emphasis on carrying out the Shanghai Communique and reiterating China's conditions for normalization, Hua did not link these issues to increased Sino-American contacts.

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[ ] Hua's treatment of the USSR repeated Chou's pledge to continue the debate with Moscow--that is, to continue anti-Soviet criticism--again endorsed normal state relations and reiterated China's longstanding conditions for their improvement. Hua, however, added a call for the withdrawal of Soviet troops from Mongolia, the first public reference to this demand in four years.

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[ ] Throughout his report, Hua depicted the Soviets as intent on subduing an ever-increasing number of countries to their will. Through his exposition on Mao's "Three Worlds" theory, now a standard explanation of Chinese foreign policy, Hua leaves no doubt that the USSR is a greater threat throughout the world than the US.

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[ ] Hua did not depart from Chinese foreign policy as it has evolved over the past year. For example, the concept of international opposition to Soviet expansionism, continued interest in the Third World and its causes, support for West European unity and West European cooperation with developing countries occupied major portions of his report. Hua emphasized Peking's desire for good relations with all nations and called for improved relations with India.

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[ ] Hua treated some problems only in passing. He made no reference to Vietnam and dealt with the Vietnamese-Cambodian question only by inference. He said that differences between socialist countries should be settled through consultation,

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noting that no country should attempt to impose its will on another. In reaffirming Chinese support for the Arab cause he made no references to Egyptian President Sadat's peace initiative but again called for Arab unity.

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UNITED KINGDOM: Pressures on Owen

*//Foreign Secretary Owen's talks with Secretary Vance in Washington today on Rhodesian developments underscore that the UK-US initiative has arrived at a critical juncture. The visit coincides with a special UN Security Council debate called after the accord between Prime Minister Smith and the black leaders was signed in Salisbury last week. Pressure on The British Government, which has been building in recent weeks, is likely to become more intense as a result of the internal agreement.//*

*//Owen has cautiously endorsed the Salisbury accord as a first step, but continues to insist that Britain must do everything possible to broaden the agreement. He apparently hopes that this could be done by negotiations among all parties and that much of the original UK-US plan can be salvaged.//*

*//The Patriotic Front, however, has already rejected the internal agreement and there are indications that several African countries, including many frontline states, will attempt to get the Security Council to denounce it--a move neither the UK nor the US favors. At the same time, Smith, Bishop Muzorewa, and Rev. Sithole have launched a major campaign to gain international acceptance of the agreement.//*

*//These seemingly irreconcilable positions present a serious challenge to the UK-US effort to resolve the Rhodesian crisis and confront the Callaghan government with difficult choices in setting its future course. After 12 years of protracted negotiations and guerrilla warfare, Britain is tempted to accept the internal agreement and relieve itself of a last vestige of the colonial empire.//*

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[ ] //Owen, at times apparently out in front of his government, seems drawn to the internal settlement, thus fueling reports of a rift between Britain and the US over the commitment to the joint initiative. At other times, Owen appears persuaded that it is possible to continue the effort and to mediate between internal and external groups.//

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[ ] //London's course will be determined by several factors. Conservative leaders have hammered the government for weeks--increasing the tempo since the formal signing--over its reluctance to come out with a strong endorsement of the internal settlement. Public opinion shows support for the internal settlement and little sympathy for the Patriotic Front.//

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[ ] //Press commentary, although indicating that popular endorsement through an election would strengthen the agreement, has been generally favorable. The government, in what could well be an election year, wants to avoid handing the Tories an issue that until now has not stirred British voters.//

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[ ] //The British course will also be determined by London's perceptions of the success of increased guerrilla activity, the threat of Soviet and Cuban involvement, and the attitude of the frontline states. Internal Rhodesian leaders feel that in time most guerrillas will accept the agreement and return, and that the support of most frontline states eventually can be won.//

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[ ] //This belief is based on the hope that the internal accord, if it is not destroyed from outside, has a momentum of its own and with British and American support could receive international acceptance. [ ]

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#### ROMANIA: Leadership Shuffle

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[ ] *A major reshuffle of the Romanian party and government leadership took place yesterday. The regime simultaneously announced wide-ranging measures to raise morale and thereby stimulate productivity and efficiency.*

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25X1 [ ] Some of President Ceausescu's most trusted associates, including Ilie Verdet and Cornel Burtica, have been affected. Verdet was named to the new post of first deputy prime minister and will be in charge of overall economic planning. Burtica--a cousin of Mrs. Ceausescu--was entrusted with the foreign trade portfolio. Two of Ceausescu's top security advisers, intelligence chief Doicaru and party secretary Stanescu, lost their jobs, possibly in connection with recent restlessness among the Hungarian minority.

25X1 [ ] The reshuffle left three vacancies on the party secretariat. Further personnel changes may take place at the Central Committee plenum scheduled to meet on 22 March. [ ]

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#### INDIA: State Government Formed

25X1 [ ] *After a week of hard bargaining, India's rival Congress parties in the western state of Maharashtra outmaneuvered the Janata Party and agreed yesterday to form a coalition government. Although the Janata Party won a plurality in the state in the election last month, it could not muster enough support from independents and minor parties to form a majority.*

25X1 [ ] The outlook for the new coalition government is clouded both by the slimness of its majority--four votes--and by the uneasy relationship between the two Congress factions. Former Prime Minister Gandhi's group will probably try to dominate the coalition even though the chief minister represents the other Congress faction. The coalition agreement may, however, forestall a decision on the fate of the anti-Gandhi Congress. It was badly beaten last month in two other important states, and is considering such options as dissolution, absorption into Janata, or reuniting with Gandhi's group.

25X1 [ ] The loss of Maharashtra--which includes Bombay--is a major setback for the Janata Party. Overwhelmed by Gandhi's party in the two neighboring states, it had hoped to establish a base outside its northern stronghold. [ ]

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USSR: Sokolov Promoted to Marshal

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[ ] Sergey L. Sokolov, the least known to us of three Soviet First Deputy Defense Ministers, was promoted to the rank of Marshal of the Soviet Union, the USSR's highest peacetime military rank, on 17 February. The promotion places him solidly in the top military leadership.

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[ ] Unlike the other two first deputies, who respectively hold the titles of Chief of the General Staff and Commander in Chief of the Warsaw Pact Combined Forces, Sokolov's substantive functions have not been announced. A review of his recent activities, however, provides substantial evidence that he has supervisory responsibility for the rear services, military construction, billeting troops, personnel assignments, military training, and military justice. He also shares responsibility for negotiating foreign military assistance programs.

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[ ] Sokolov was named a First Deputy Defense Minister and promoted to Army General in April 1967, when the late Andrey Grechko became Defense Minister. Sokolov had served as chief of staff of one of the Soviet armies in East Germany in the mid-1950s when Grechko was commander of the Group of Soviet Forces in Germany.

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[ ] After his service in East Germany, Sokolov became chief of staff of the Moscow Military District and later commander of the Leningrad Military District. He became a candidate member of the party Central Committee in 1966 and was promoted to full membership in 1968.

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[ ] //Last fall, a member of the Soviet delegation at the Strategic Arms Limitation Talks said that Sokolov's primary responsibilities are training, equipping, and supplying troops. This is consistent with what we know of his other supervisory duties. Sokolov was the leading speaker at the October 1977 conference on military doctrine and was a member of the presidium at an all-army conference on the welfare of troops last December.//

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## BRIEFS

## Guatemala

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[ ] With the outcome of last Sunday's presidential election still uncertain, the chance of violence has increased. Out of more than 625,000 votes counted--roughly 80 percent of the anticipated total--the candidate of the ruling coalition, Fernando Lucas, has a lead of only 500 votes over conservative former chief of government Enrique Peralta Azurdia.

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[ ] When the latest announcement put Lucas back in the lead, Peralta Azurdia led armed followers into the electoral tribunal to make clear that he would not accept a fraudulent count. The presence throughout the capital of armed bands representing each of the three candidates is likely to increase.

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[ ] The House of Deputies--where Lucas' coalition holds a slim majority--will select the next president, probably early next week. The House traditionally chooses the frontrunner.

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East Germany

25X1 [ ] East German Politburo member Werner Lamberz, sometimes mentioned as a possible candidate to succeed Erich Honecker as head of the East German Communist party, died Monday night in a helicopter crash in Libya.

25X1 [ ] Lamberz was also party secretary for agitation and propaganda and had been deeply involved in relations with "progressive" African states.

25X1 [ ] His death comes at a time when there are rumors of a power struggle within the East German leadership. The choice of successors to fill Lamberz two important posts may yield some clues about Honecker's strength within the leadership. [ ]

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